



1.0 AUTHORITY

- *Local Government Act 2020*, sections 9, 53 & 54
- Council and Wellbeing Plan 2021 - 2025
- Victorian Government Risk Management Framework

2.0 INTENT

The purpose of this policy is to provide commitment and a consistent and integrated approach to the management of risk to ensure all risks that could affect the achievement of our Council objectives are identified, assessed and managed to an acceptable level. The objective is to support well informed decision making to achieve our strategic objectives, including the protection & enhancement of our community, natural & built assets and financial sustainability. This commitment to each other and the community will provide confidence and trust in the good governance of the Shire.

This policy shall be read in conjunction with the Shires Risk Management Framework.

3.0 SCOPE

This policy is organisation-wide and applies to all Council activities and includes all employees, Councillors, volunteers and contractors alike.

4.0 GOVERNANCE PRINCIPLES

Under the *Local Government Act 2020*, Council must give effect to the following overarching governance principles:

- a) priority is to be given to achieving the best outcomes for the municipal community, including future generations;
- b) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
- c) innovation and continuous improvement is to be pursued;
- d) the ongoing financial viability of the Council is to be ensured;

5.0 POLICY STATEMENT

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of our objectives. In recognising risk management is an essential element of good governance:

5.1 Our approach to risk management is aligned with ISO 31000:2018 Risk Management – Guidelines and the Victorian Government Risk Management Framework.

5.2 The principles for good risk management defined in ISO31000:2018 are aligned with our organisational values. We demonstrate our adherence to these principles by adopting the following values aligned behaviours:



- We take a systematic, structured and timely approach to risk management, contributing to consistency, efficiency and reliability. We consider the nature of uncertainty and how it can be addressed. (Integrity)
- Our risk management practices form part of our informed decision making; they are forward looking, dynamic, iterative and responsive to change. (Courage).
- We are transparent and inclusive, ensuring appropriate and timely involvement of stakeholders and decision makers (Openness).
- Risk management considers human and cultural factors, recognising people's capabilities, perceptions and intentions (Respect)
- Through risk management we create and protect value; it is an integral part of our organisational processes that facilitates continual improvement to the organisation. Our processes are tailored to our external and internal context and we utilise the best information available to support our decisions. (Excellence)

5.3 Risk management is the responsibility of everyone connected to the Shire, not just one individual or business unit. Councillors, management, team leaders, staff, volunteers and contractors all play a part in making risk management a priority as they undertake their daily tasks. Specific responsibilities are set out in the Risk Management Framework.

5.4 An Audit & Risk Committee has been established pursuant to Section 53 of the *Local Government Act 2020*, to support Council in discharging its oversight responsibilities related to matters including risk management, fraud prevention, compliance with policy and legislative requirements and assurance activities including internal and external audit. The appointed independent members act in this capacity by monitoring, reviewing, endorsing and advising on matters set out in the Audit & Risk Committee Charter, developed in accordance with Section 54 of the Act.

5.5 A Risk Management Framework is maintained to provide a structured, systematic and timely approach for identification and management of risk ensuring communication and consultation in the process.

5.6 We maintain Risk Registers of known risks affecting the Shire, generally grouped into Strategic, Operational and Project risks.

5.7 We develop an annual Risk Management Plan, to ensure the regular and timely review of risks:

5.7.1 Strategic Risk Registers are developed and reviewed as part of the completion of the Shires annual Corporate Plan. Treatments and actions inform the development of annual Business Unit Plans.

5.7.2 Strategic Risk Registers are reviewed and updates on treatments and actions taken to address risk are reported:

- on a quarterly basis to the Risk Management Committee; and
- twice annually to the Audit & Risk Committee and Council.

5.7.3 'Extreme' and 'High' Operational risks shall be reviewed and an update on treatments and actions taken to address risk will be reported twice annually to the Risk Management Committee and annually to the Audit & Risk Committee.



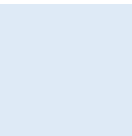



5.7.4 Business units review progress on treatments and actions to all Strategic and Operational risks on a quarterly basis, including as part of the completion of annual Business Plans.

5.7.5 Annually we review our Strategic Risk Register with our long-term infrastructure maintenance service providers to ensure our joint risks are captured and managed in accordance with their contracts.

5.8 We allocate appropriate resourcing to ensure our operational capability to manage risk in an efficient and responsible manner. Risks classified as 'Extreme' and 'High' are considered a priority in terms of allocation of resources through the annual budget process.

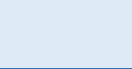

5.9 To ensure we manage risk without stifling innovation, we have defined our understanding and willingness to accept or avoid risk to improve our decision making (our risk appetite or tolerance). This optimises performance, creates value and provides opportunity. The following statements provide an understanding of the level of risk we are prepared to accept based on identified risk categories. They define our approach to the management of risk in these categories. These tolerances are then used to determine our target Residual Risk ratings:

Risk Tolerances




	Progressive Approach – willingness to consider options with an enthusiasm for innovation; there is some higher risk associated with the opportunity being pursued, but there are treatments available to mitigate the risk to achieve an acceptable level of reward.
	Balanced Approach – there is some risk associated with the opportunity being pursued, however there is a preference for safe options or there are actions available to mitigate the risks, with the aim of relatively low degree of residual risk for potential reward.
	Conservative approach – preference for options that avoid risk or have low inherent risk.
	No tolerance – risk to be avoided.

Risk Categories & Approach

Strategy and Leadership

	Progressive – for risk associated with the implementation of change and key strategic plans.
	Conservative - for risk associated with failure to consider implications and impacts of decisions on the broader community and strategic objectives.

Financial Sustainability

	Balanced - for investigation into revenue strategies and review of services to improve our financial sustainability.
	Conservative - to avoid significant cost over run on programs and projects.
	No tolerance - for risks having a significant negative impact on long term financial sustainability.



Community & Stakeholder Engagement

Progressive - for building stronger relationships and engagement with our broader community.

Conservative - for risk arising from failure to appropriately engage stakeholders and community; and for risk arising from failure to meet customer commitments and/or suitability of advice.

Asset Management Lifecycle

Progressive - for design and development outcomes that improve infrastructure sustainability and community accessibility.

Conservative - for risk arising from degradation of major/critical assets; failure to adequately maintain, renew or plan for future requirements of all natural & built assets; and failure to achieve key deliverables within our strategies and plans.

Workforce

Progressive - to being an employer of choice that attracts and retains high performing values aligned staff.

Conservative - to inappropriate and unsuitable behaviour that is inconsistent with our values and code of conduct; and for risks arising from inadequately informed, trained and supported staff or failed internal processes.

Safety & Wellbeing (physical & psychological)

Progressive - to ensure staff feel valued and consulted and engaged in matters that affect their health and wellbeing.

No tolerance - for compromising the safety and wellbeing of staff, contractors, volunteers or members of our community.

Effective Management

Progressive - to improve efficiency, excellence and strong collaboration in Shire operations and service delivery.

Conservative - for third party partner (contractors) failure.

No tolerance - for non-compliance with legal, professional and regulatory requirements; internal fraud, collusions, theft and associated reputational risk.

Information Technology

Balanced - for innovation and improvement in technology to gain improvements in service and efficiency; but not at the expense of privacy and data security.

Conservative - for systems, hardware and connectivity failures or information and data security breaches.

Climate Change

Progressive - for decisions that seek to preserve and enhance our environment for future generations; for initiatives that divert waste from landfill; and to position the Shire as a leader in policies, planning, innovation and practices that respond to the climate emergency.



Natural & Built Environment

Progressive - for projects and activities that protect and enhance and improve access/connectivity to the natural environment; and for decisions that promote environmentally ecologically sustainable development.

Conservative - for decisions that may cause significant or irreparable damage to the environment or impact the character of the Shires Townships and Green Wedge.

Economic Change

Progressive - to creating local employment, education and training opportunities on the peninsula; and for decisions that seek to manage fluctuation of economic conditions impacting the community.

Balanced - for risks arising from economic and property development opportunities.

Seasonality

Progressive - for attracting business and industry investment on the peninsula; enhancing shoulder season and off-peak visitor experience; and education of visitors to the peninsula on their impacts on the environment and the risks associated with climate emergency.

Community Wellbeing & Social Change

Progressive - to enhance social inclusion and healthy lifestyles to support a healthy and vibrant community, including community resilience to impacts of the climate emergency.

Balanced - for programs that increase affordable housing and support families and persons at risk.

Conservative - to risk arising from failure to effectively identify and plan for social and community wellbeing issues.

Crisis

No tolerance - for risk arising from failure to adequately prepare for impacts of crisis.

6.0 HUMAN RIGHTS CHARTER COMPATIBILITY

This policy has been assessed as being compatible with *the Charter of Human Rights and Responsibilities Act 2006 (Vic)*.

7.0 ASSOCIATED DOCUMENTS

- MPS Risk Management Framework
- MPS Audit and Risk Committee Charter
- MPS Fraud Risk Management Policy – including Fraud Control Plan
- Business Continuity Management Policy
- MPS Procurement Policy
- Our Safety Policy
- Municipal Emergency Management Plan
- ISO 31000 - Risk Management – Principles and Guidelines 2018
- ISO 22313 – Business Continuity Management Systems



8.0 DEFINITIONS

Risk	Is defined as “the effect of uncertainty on objectives”. At the Shire this is expressed in terms of the sources of risk, the potential consequences and the likelihood (probability or frequency) of the risk eventuating.
Risk Management Framework	The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk.
Risk Appetite or Tolerance	How much risk we are prepared to accept. Generally expressed in terms of an entire risk category.
Risk Approach	Guidance for decisions to accept, reduce or avoid risk.
Audit & Risk Committee (ARC)	An advisory committee established by Council in accordance with section 53 of the <i>Local Government Act 2020</i> .
Strategic Risks	Events or decisions that could potentially prevent our organisation from achieving its objectives and strategic goals.
Operational Risk	The uncertainties and hazards that emerge as a direct result of service units providing their day to day business activities.
Residual Risk	The level of risk to objectives (expressed as Extreme, High, Medium or Low) that remains after all current controls are effective, and any new treatments are implement and operating as planned.

9.0 POLICY SPONSOR

The Policy is endorsed and approved by Council. The Manager, People & Culture is responsible for overseeing the application and review of this Risk Management policy.

10.0 DOCUMENT CONTROLS

This policy will be reviewed within a four-year cycle in line with Council term to ensure consistency with the Council Plan.

Administrative Updates

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, the change to an existing policy or document referred to in this policy, and minor updates to legislation and the like which does not have a material impact. However, any change or update which materially alters the document must be by resolution of Council or the Executive.